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THE Demand and Price SITUATION

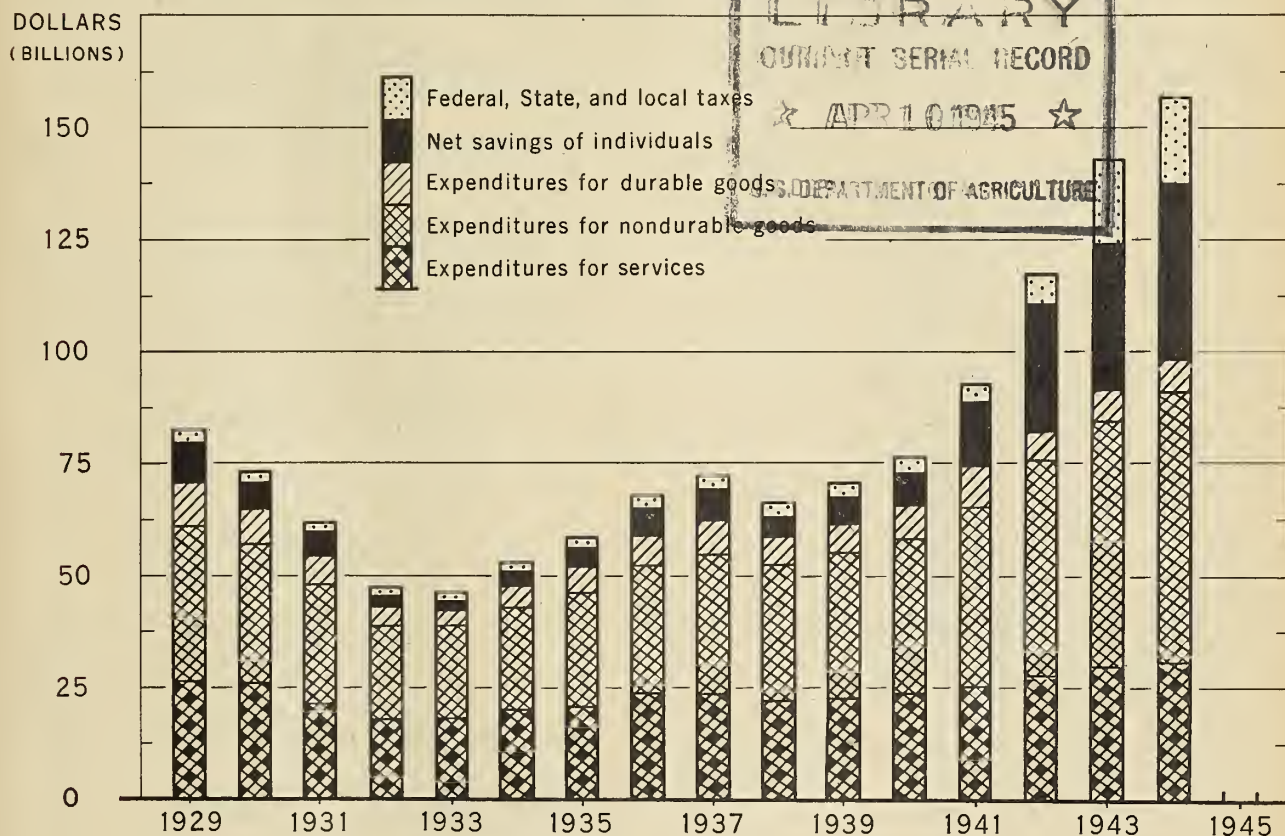
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.



MARCH 1945

DISPOSITION OF INCOME PAYMENTS TO INDIVIDUALS, UNITED STATES, 1929-44

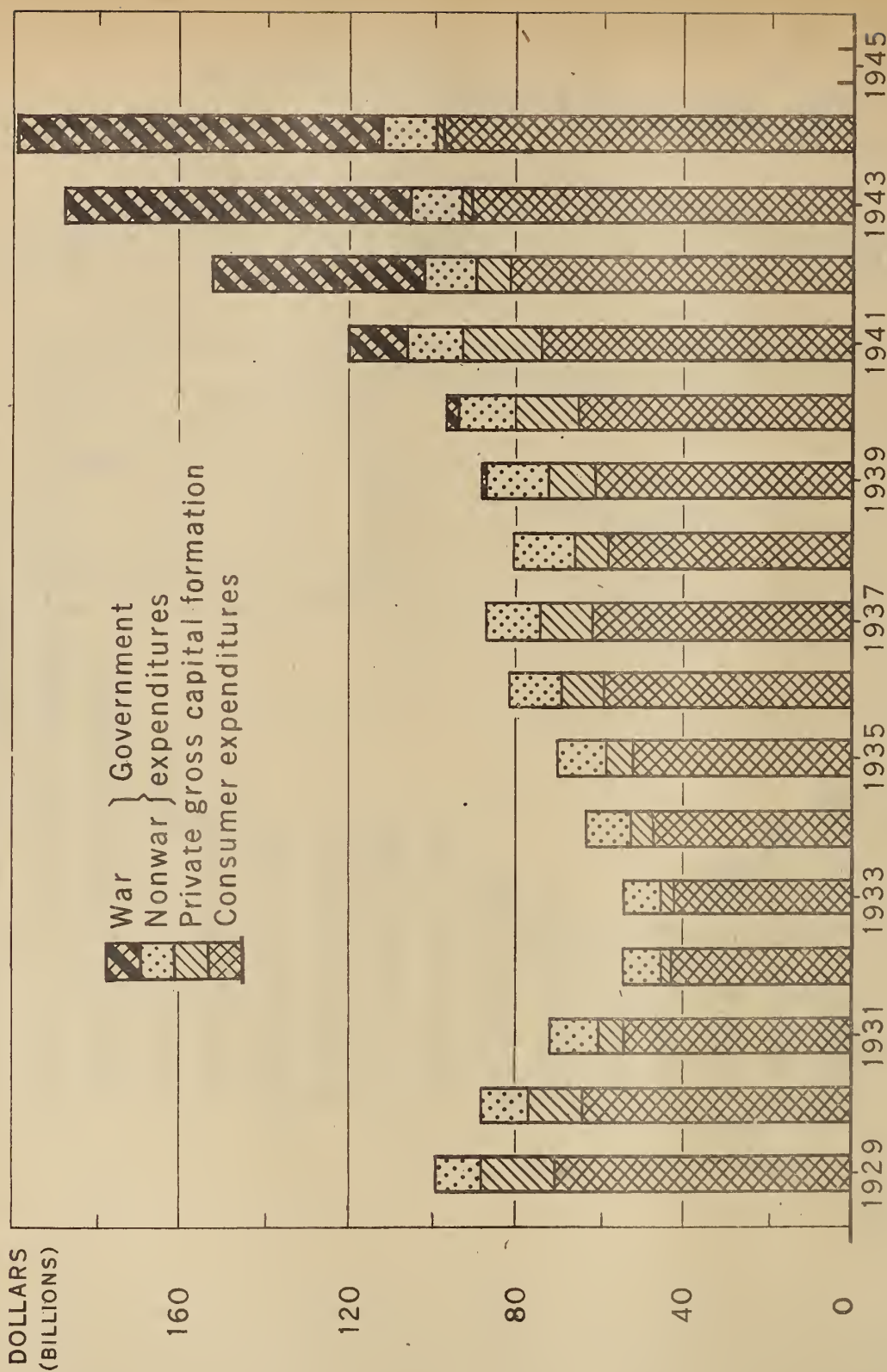


U. S. DEPARTMENT OF AGRICULTURE

NEG 43529 BUREAU OF AGRICULTURAL ECONOMICS

Income payments received by individuals more than doubled from 1939 to 1944, an increase of 86 billion dollars. Higher taxes took 19 percent of the total increase, larger savings accounted for 39 percent, and increased expenditures for goods and services absorbed 42 percent. Consumer expenditures for non-durable goods increased 84 percent from 1939 to 1944. Expenditures for durable goods increased 12 percent and expenditures for services increased 36 percent.

GROSS NATIONAL PRODUCT OR EXPENDITURES, UNITED STATES, 1929-44



SOURCE: DEPT. OF COMMERCE

The gross national product of the United States more than doubled from 1939 to 1944. Government expenditures for war, which amounted to only 1.6 percent of the total in 1939, absorbed 43.4 percent in 1944. Consumer expenditures increased more than one-half during the same period, but amounted to only 49 percent of the gross product in 1944 as compared with 70 percent in 1939.

THE DEMAND AND PRICE SITUATION

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DEMAND FOR FARM PRODUCTS

The current high level of nonagricultural income seems likely to be maintained without much change until sometime after fighting ceases in Europe. Prices of most farm products probably will remain at or near ceilings through most of 1945, and demand at these prices is likely to exceed the supply of many products.

The number of persons employed on farms in the United States on March 1, 1945 was 8,414,000. This is 148,000 or 2 percent less than one year earlier. The decline in the number of family workers during this period amounted to less than 1 percent, while the number of hired workers dropped nearly 7 percent. Total farm employment was about the same as a year earlier in the North Central, Mountain, and Pacific States, increased in New England, and declined in all other regions.

Employment in nonagricultural establishments for January 1945 totaled 37.9 million persons. This is 3 percent fewer than the number employed in January 1944 and is the lowest since April 1942. Employment in manufacturing in January 1945 was 8 percent smaller than a year earlier. There was a 7-percent decline in employment in mining and a 24-percent decline

in construction since January 1944. Employment in transportation and public utilities reached a peak in August 1944. From August to January there was a decline of 2 percent. Employment in finance, service and miscellaneous industries declined 7 percent from its peak reached in July 1944 to January 1945.

The seasonally adjusted index of nonagricultural income payments for January 1945 reached a new high of 238.3. ^{1/} This is 6.3 percent above January 1944. Contrary to total nonagricultural income, the wage income of industrial workers decreased during most of 1944 and in December (latest data available) the seasonally adjusted index of 321.7 was 2.8 percent below December 1943.

Industrial production after remaining steady during the last quarter of 1944, increased slightly in January 1945. The seasonally adjusted index of 234 ^{2/} for that month is the highest since June 1944 but is still 5 percent below the peak reached in November 1943. The increase in production from December to January was greater for nondurable manufactured goods than for durable goods. The seasonally adjusted index of production of nondurable goods of 176 for January 1945 was only 2 percent below the wartime peak. In contrast the index of durable goods production for January was 344, but this was almost 9 percent below its wartime peak.

The value of construction contracts awarded has increased somewhat since the low point reached in May 1944, although there was some decline in January 1945 from the previous month. The seasonally adjusted index for January was 46, ^{3/} which is 39 percent above May 1944, but less than one-fourth the wartime peak reached in July 1942. Virtually all of the recent

^{1/} Department of Commerce, 1935-39 = 100.

^{2/} Federal Reserve Board, 1935-39 = 100.

^{3/} Federal Reserve Board, 1923-25 = 100.

increase in contracts awarded has been in nonresidential construction for war. The index of contracts for residential construction has remained practically at its wartime low since last summer, but the increase in private construction has been more than sufficient to offset the decline.

March 21, 1945^{*}

NATIONAL INCOME IN 1944

National income for the year 1944 totaled 160.7 ^{1/} billion dollars, 7.6 percent more than in 1943 and 146 percent above the 1935-39 average. Total income payments received by individuals in 1944 were 156.8 billion dollars, an increase of 9.6 percent from 1943. Personal taxes, Federal, State, and local, took 19.2 billion dollars in 1944 -- 6 billion more than in the previous year. This left consumers with 137.5 billion dollars of disposable income in 1944 or 10.4 percent more than in 1943. Consumer expenditures increased only 7.4 percent in 1944 to reach 97.6 billion dollars. As a result the net savings of individuals during 1944 amounted to 39.9 billion dollars, 18.4 percent more than in 1943. About one-third of these savings was invested in Government bonds.

Part of the increase in national income in 1944 was a reflection of price increases and to that extent does not represent any increase in physical production. The index of wholesale prices of all commodities increased about 1 percent from 1943 to 1944. This would be equivalent to about one-eighth of the increase in national income. The index of the cost of living increased about 1.5 percent from 1943 to 1944, which would be equivalent to nearly one-fifth of the increase in national income.

All of the major components of national income increased somewhat from 1943 to 1944 although salaries and wages increased the most. Total salaries and wages amounted to 112.8 billion dollars in 1944, an increase of 9.4 percent from the previous year. A large part of the increase consisted of increased payments to military personnel. Interest and net rents increased 9.3 percent and net corporate profits 1.0 percent. The net income of proprietors increased only 0.3 percent. Total salaries and wages constituted 70 percent of the national income in 1944. This is the highest proportion reached during the present war and compares with 69 percent in 1943 and 63 percent in 1941.

Consumer expenditures have risen steadily since the outbreak of war. The total for 1944 of 97.6 billion dollars was 30.8 percent above 1941 and 7.4 percent higher than 1943. The greatest increase since 1941 has occurred in the purchase of nondurable goods. Expenditures for this purpose were nearly 50 percent higher in 1944 than in 1941. Expenditures for services increased slightly more than one-fifth, while those for durable

^{1/} Department of Commerce.

goods decreased more than one-fourth during the same period. Expenditures for durable goods reached their lowest point during the war in 1942. However, the increase from 1942 to 1944 has been moderate, amounting to only 6.3 percent.

FOREIGN TRADE

The large volume of exports from the United States during the war has been an important factor in establishing and maintaining the present high level of national income and demand for agricultural products. The total value of exports from the United States in 1944, not including shipments abroad to our own military forces, amounted to 14.3 billion dollars -- an increase of 12.5 percent from 1943 and about three and one-half times the figure for 1939. Exports under lend-lease amounted to nearly four-fifths of the total and were valued at 11.3 billion dollars in 1944, 12 percent more than in the previous year and equal to about 10 percent of the total production of movable goods in the United States.

Exports of agricultural products in 1944 constituted about 16 percent of all lend-lease shipments and a somewhat smaller proportion of other exports. Total exports of foodstuffs amounted to about 8 percent of the total food produced in the United States in 1944, compared to 3 percent in pre-war years. Total food production in the United States in 1944 was 37 percent above the pre-war level.

The volume of imports dropped considerably in 1942, the first full year of war for the United States, but increased in both 1943 and 1944. Their total value in 1944 amounted to 3.9 billion dollars, 16 percent more than in 1943 and 68 percent above 1939. About 40 percent of imports during the past two years has consisted of military, strategic, and critical materials as compared with 27 percent of similar commodities in pre-war years.

AGRICULTURAL PRICES

The index of prices received by farmers for February 1945 was 199. This is 2 points below the peak for World War II reached in the previous month, but 4 points above February 1944. The decline in February followed a period of 4 months (September 1944 to January 1945) during which the index increased each month for a total gain of 9 points.

The most important change from January to February occurred in truck crop prices. Contrary to the usual seasonal trend, the index declined 39 points to 223 for February. Egg prices declined considerably more than usual from January to February. The index for poultry and eggs of 183 for February was 16 points below the previous month, but still 15 points above February 1944. Average prices of both fruits and meat animals increased 6 points for February. Those for other groups showed only minor changes.

Prices received in March apparently averaged about the same as in February, although prices of truck crops and poultry and eggs declined further early in March.

The index of prices paid by farmers, including interest and taxes, was 172 for February, the same as for the previous month. There was a slight rise in the average price paid for livestock feed, but it was not sufficient to change the index. The ratio of prices received to prices paid, interest and taxes, declined 1 point for February to 116, as a result of the drop in prices received.

FARM INCOME

Total cash receipts from farm marketings in March are expected to be about 1,387 million dollars, 3 percent above the income of 1,343 million dollars in February and 3 percent below the receipts for March last year.

By mid-March prospects for income from individual commodity groups were as follows:

Income from crops apparently dropped about 5 percent from February to March, but receipts from livestock and livestock products probably are up nearly one-tenth.

The greatest change in receipts from crops was in income from tobacco, which is now estimated to be only a little more than one-seventh as high as in February. This drop is partly the usual decrease in sales near the end of the marketing season, and partly the result of the unusually large quantities of both Burley and Connecticut wrapper types released in January and February. Receipts from cotton and cottonseed probably made slightly more than the usual seasonal decline.

The indicated drop in receipts from the sale of feed grains and hay is slightly less than usual. The freight car shortage in the wet corn area was relieved somewhat during March and corn moved to market more freely. Wholesale prices for all feed grains strengthened slightly early in the month.

Truck crops are moving to market in about the same volume as in February but there appears to be some decline in price. Shipments of potatoes and sweet potatoes increased and prices rose slightly. Cash receipts from vegetables in March will probably make somewhat less than the usual seasonal gain.

It is expected that the volume of both deciduous and citrus fruits will show some increase over February but prices will probably be about the same. Cash receipts for all fruits are estimated to be slightly higher for March than for February.

Cash receipts from meat animals, dairy products, and poultry and eggs all are at a rate substantially above February. Federally-inspected slaughter of cattle is about 4 percent greater than in February, but the monthly rate of calf slaughter is up about one-quarter and slaughter of hogs is about 10 percent greater than in February. Slaughter of sheep and lambs is down slightly. Central market prices are slightly higher for cattle, calves, sheep and lambs, but hog prices are close to February levels.

Milk production is about one-sixth above the monthly rate in February, but prices are a little lower. Egg production is running about 30 percent higher than in February, but wholesale prices are down more than 5 percent. Poultry prices have increased and there is also a slight gain in marketings.

LIVESTOCK AND MEATS

Large purchases of meat by the armed forces and a strong demand for meat by civilians, together with smaller supplies than a year ago, probably will hold prices for meat animals at or near current high levels throughout the spring and summer at least. Supplies of meat for civilians during this period will be particularly short. Total meat output for the year 1945 may be about 10 percent smaller than the record production in 1944, tentatively estimated at 24.7 billion pounds (dressed-meat basis), and most of this reduction will occur in the first 9 months of the year. Military purchases of meats during the year probably will be larger than in 1944. However, purchases for lend-lease probably will be much lower than last year and commercial exports, which make up only a very small part of the total, may be smaller. Total noncivilian meat purchases in 1944 were approximately 6.1 billion pounds, dressed weight basis, equivalent to about one-fourth of total meat production.

The index of prices received by farmers for meat animals in mid-February was 209 (1910-14 = 100), 10 points higher than a year earlier. This is the highest level of prices of meat animals since February-June 1943, before ceiling prices became effective for live cattle and hogs. The February 1945 price index was exceeded in 9 months in 1918-19.

Slaughter of cattle and sheep and lambs in January and February was a record for the 2 months. In comparable federally inspected plants, February cattle slaughter was 2 percent larger than a year earlier. February slaughter of sheep and lambs was up 5 percent from a year earlier (in comparable plants). Calf slaughter, which was an all-time high for any January, was 7 percent lower in February than the record February 1944 kill. Hog slaughter in federally inspected plants in February fell 57 percent below that of February 1944. The figures for inspected slaughter do not indicate the level of total slaughter. Large set-asides on the output of federally inspected slaughterers, and particularly short supplies of meat for civilians in areas most dependent upon their supplies from such sources, have tended to divert slaughter from federally inspected to noninspected plants. This is most marked for hogs, but has occurred to a lesser extent with cattle and calves.

Large feed grain supplies and a favorable ratio of hog prices to feed grain prices are currently being reflected in average slaughter weights of hogs at 7 markets about as high as the record weights in early 1943. The remaining hogs on farms from the spring crop of 1944 and marketings from the 1944 fall crop probably will come to market at heavier weights. The average weight of all barrows and gilts at 7 markets for the week ended March 17 was 249 pounds compared with 238 pounds a year earlier. The hog-corn price ratio of 13.2 in mid-February (farm basis) was the most favorable to producers for any month since May 1943 and was about 9 percent above the average of 12.1 for the calendar years 1924-43. Prices of practically all weights and grades of hogs continued at the ceiling levels in early March (barrows and gilts \$14.75, sows \$14.00, Chicago basis). Prices probably will remain at or near the ceiling level for most of 1945, reflecting smaller supplies than a year earlier and a continued strong demand for pork. Also, cold storage holdings of pork on March 1 were at the lowest level for the month on record.

Despite record slaughter of cattle, calves, and sheep and lambs in early March, prices for these animals were at a high level. Prices of fat lambs at Chicago were at the highest levels in 16 years. Prices for practically all weights and grades of cattle and calves were higher than a year earlier. Prices were highest relative to a year earlier for common and medium grade heifers, all weights and grades of calves, vealers, cows, and bulls. Higher prices for the lower grade cows and heifers have been brought about by the large canned meat purchases of the armed forces. There is an extremely strong demand for good grade cows and bulls, as beef from these classes is not subject to the Army set-aside. Prices for cattle and calves probably will continue higher than a year earlier throughout the summer at least, even though marketings may be moderately larger than a year ago.

With ample feed supplies in the principal cattle-feeding areas, feeding during the first 3 months of this year continued at a high level. Shipments of stocker and feeder cattle to 8 Corn Belt States in January and February were 14 percent larger than in the same period a year earlier. The number of cattle on feed for market at the beginning of the year was 5 percent larger than a year earlier and was only 6 percent less than the record number on feed at the beginning of 1943.

The early spring lamb crop in the 10 principal early lamb States is an estimated 6 percent smaller than a year earlier and the smallest in 10 years. For the country as a whole the number of breeding ewes on farms and ranches at the beginning of 1945 was 6 percent smaller than a year earlier; consequently the late lamb crop may also be smaller. The reduced early crop this year was the result of a smaller number of ewes bred for early lambing in these States as the percentage lamb crop was little different from that of a year earlier. The number of early lambs marketed before July 1 will be smaller than in 1944. Marketings of grass-fat yearlings from Texas before July 1 are expected to be materially smaller than the record shipments of a year earlier.

DAIRY PRODUCTS

During 1943 and 1944 prices received by dairy farmers showed much less than usual seasonal changes, and may be expected to continue in this manner during 1945. With the demand for dairy products exceeding the available supplies, prices received by dairy farmers in 1945 are expected to average about the same as in 1944. Average prices received in 1944 for wholesale milk and butterfat were \$3.23 per hundredweight and 50.6 cents per pound, respectively.

The 1945 dairy production payment program probably will result in record unit returns to farmers. Payment rates for whole milk deliveries will average about the same as in 1944, but the butterfat payment rates will be substantially higher. In 1944 average production payments were about 52 cents per hundredweight for wholesale milk and 7.5 cents per pound of butterfat. Payments for the second half of 1945 are contingent on Congressional approval and are subject to change. With prices received by farmers averaging about the same as last year, and feed grain prices probably slightly lower, the milk-feed price ratio will continue at record levels. The butterfat-feed price ratio, including production payments, probably will be substantially ahead of 1944 and the 20-year (1924-43) average.

Milk production during February averaged 3 percent larger on a daily basis than in February 1944. However, because of the extra day in 1944, total milk production of February 1945 was one percent smaller.

POULTRY AND EGGS

The demand for eggs during the past three months has been unusually strong at or near ceiling prices. Per capita civilian consumption has been at a record rate, and moderately above that of last year. This general situation will prevail unless there is a change in lend-lease requirements. The strong demand is a reflection of the high consumer income and short supplies of red meat. Egg consumption during 1944 is estimated at 349 eggs compared with a 1935-39 average of 298 eggs per capita.

Prices received by farmers for eggs in mid-February averaged 35.8 cents per dozen, 105 percent of parity and 3.9 cents above February 15, 1944. Since mid-February wholesale egg quotations have declined seasonally in line with OPS ceiling prices.

Poultry meat supplies continue short of demand at ceiling prices by a wide margin primarily owing to large military takings. The average price received by farmers for chickens in mid-February was 24.5 cents per pound, .8 cent above that of mid-February 1944. Prices received for chickens are expected to continue slightly above the 1944 level.

Daily average farm egg production in February was 14 million dozen, 8 percent below that of February 1944, but total egg production was 11 percent less because 1944 was a leap year. Egg production during 1945 is expected to be 8 to 12 percent less than last year.

FATS, OILS, AND OILSEEDS

No easing of the present tight situation in fats and oils is in prospect for the next few months. Supplies will be short for virtually all classes of domestic use. Production of domestic edible oils -- cottonseed, soybean, corn, and peanut -- may total 100 to 200 million pounds more in 1945 than in 1944, mainly as a result of an increased harvest of cottonseed from the 1944 crop. But this increase will be more than offset by decreases in output of lard and butter, aggregating about 900 million pounds. Production of domestic soap fats is expected to be about 150 million pounds less than in 1944. Output of paint and varnish oils from domestic materials will be over 200 million pounds less than last year.

Demand for fats and oils is expected to continue strong in 1945. Military demands at present are heavy, both for the expanded military program and for relief distribution in areas under military jurisdiction. Requests for lend-lease and other exports, including exports to liberated countries, continue large. With national income now at the highest level in the nation's history, civilians would consume larger quantities than will be available for civilian use. Prices of most fats and oils probably will remain at ceiling levels through the summer at least.

The average price received by farmers for soybeans in mid-February was \$2.10 per bushel compared with \$2.06 a month earlier. For peanuts and flaxseed the mid-February averages were 8.14 cents per pound and \$2.91 per bushel, respectively, unchanged from a month earlier. Cottonseed prices averaged \$52.70 per ton, 10 cents less than in mid-January. A seasonal rise in prices to farmers for soybeans, flaxseed, and peanuts is probable during the spring. In this season a large percentage of sales are of seed for planting, which usually commands a higher price than seed for crushing. Seed for planting is exempt from price ceilings.

CORN AND OTHER FEED

With relatively large supplies of corn on hand, and with a larger proportion of lowest grades, prices received by farmers for corn have been moderately lower this season than a year earlier. Corn prices probably will average lower for the remainder of the marketing year than in the corresponding period of 1944. Prices of the other feed grains -- oats, barley, and sorghum grains -- also are likely to average lower than a year earlier during the remainder of the marketing year. Prices of almost all byproduct feeds have been at or near ceiling levels for more than a year.

Hay supplies have been slightly smaller per hay-consuming animal this season than last, and hay prices have been the highest since 1920.

Table 1.- Average prices received by farmers for specified feeds, February 15, 1945, with comparisons

Commodity	February 15, 1944	January 15, 1945	February 15, 1945	Prices February 15, 1945 as per- centage of parity
	Dollars	Dollars	Dollars	Percent
Corn, per bushel	1.13	1.07	1.06	96
Oats, per bushel	.786	.721	.733	107
Barley, per bushel	1.09	1.02	1.02	96
Grain sorghums, per cwt.	2.09	1.57	1.63	78
Hay, per ton	15.90	17.10	17.70	87
Index of feed prices:				
Feed grains, U.S., (1910-14 = 100)	181	170	169	
High-protein feeds, 1/ (1935-39=100)	166	166	166	

1/ Ten principal high-protein feeds; terminal market prices.

The demand for feed concentrates will not be as strong during the spring and summer in the same period of 1944, reflecting the reduced number of livestock on farms, mainly hogs and chickens. Livestock numbers on January 1, in terms of grain-consuming animal units, were 14 percent less than a year earlier. Supplies of feed grains and other concentrates, are indicated to be ample to meet all livestock and industrial requirements in most areas until new-crop grain is harvested.

WHEAT

Cash wheat prices are now generally at ceiling levels, with the exception of prices in the Pacific Northwest. The shortage of empty cars, which continues to be a serious problem, has so limited supplies in the various markets that prices of low protein hard wheats are being maintained at ceiling levels. The price of soft red winter wheat has been at its ceilings since September. No. 1 Soft White Wheat at Portland is currently about 8 cents under the ceiling, reflecting the limited export movement from the area. With increased Government flour buying, a good demand for wheat for industrial alcohol production and an increase in exports, prices are expected to continue at about ceiling levels, even though the car shortage is relieved. In May prices may be expected to start adjustment to the new crop basis.

Present indications are that export of wheat between now and July 1 will be very large. On the basis of prospective domestic disappearance in the first half of 1945 and the likelihood that exports will be increased materially, a carry-over July 1, 1945 of between 350 and 375 million bushels is indicated. This would be only moderately above the 316 million bushels last July and sharply below the 632 million and 622 million bushels in 1942 and 1943. In the 10 years, 1932-41, the annual carry-over averaged 235 million bushels.

The intended plantings of all spring wheat were indicated at 19 million acres in the March 20 report. If an acreage of this size is realized and yields per acre approximate the 1937-42 average, production would total about 240 million bushels. Combining this probable production with the estimate of 762 million bushels of winter wheat made last December, the indicated production of all wheat this year would be approximately one billion bushels. This would be 7 percent less than the record crop of last year but would be the Nation's third largest crop.

There were a total of 183 million bushels of 1944 wheat placed under loan, of which 25 million had been redeemed by March 10. With 5 million bushels of 1943-crop wheat still under loan and 74 million bushels owned by the CCC, loan and owned stocks on February 28 totaled 237 million bushels. This is a substantial part of the surplus for the year.

Supplies available for export in Canada, Argentina, and the United States on January 1, 1945, after allowing for carry-over stocks, are estimated at about 800 million bushels. This is more than adequate to meet total foreseeable takings by importing countries even without drawing on the surplus from 1945 production. Production this year in Australia is estimated at only about 50 million bushels, which together with the carry-over is only about enough to meet domestic requirements.

FRUIT

Prices for Florida oranges at terminal markets in early March were at levels considerably above those of a year earlier, whereas those for California oranges were moderately below. They are likely to decline this spring under the pressure of supplies of Valencia oranges somewhat larger than a year earlier. Carlot shipments this season through early March were about as large as for the comparable period last season. With declining market supplies of grapefruit in prospect, prices during the remainder of

this season ending next summer are expected to continue at levels considerably above those of a year earlier. Large quantities of this season's crops of oranges in Florida and grapefruit in Florida and Texas have been processed, mostly into canned citrus juices.

California lemons on the New York and Chicago fruit auctions advanced in price during late February and early March, recovering partly from the post-holiday decline. Prices are expected to advance further as demand strengthens in response to warmer weather.

Prices for western apples on the New York City and Chicago fruit auctions advanced in early March with scheduled changes in ceiling prices. Because of the Government procurement program for large quantities of important varieties located in Washington and Oregon, market supplies of such apples will remain short for the remainder of this season, and this will tend to maintain prices at or near ceilings.

Prices for eastern and mid-western apples in the New York City and Chicago wholesale markets declined during recent weeks. This is mainly in reflection of record large cold storage stocks of such apples, which include a higher than usual percentage of small apples and which have undergone some decline in condition. To aid in moving the large stocks of such apples, the War Food Administration on March 2 announced a purchase program to divert offered quantities of specific grades and sizes up to the capacity of such available outlets as the school lunch program, charitable institutions, and other approved groups.

Prices for western D'Anjou pears on the New York City and Chicago auctions fluctuated considerably during late February and early March at a level slightly above that of a month earlier but substantially below the very high level of a year earlier. With weekly carlot shipments declining seasonally, prices for western pears may increase slightly.

Fresh strawberries have been selling at ceiling prices at shipping points and at terminal markets thus far this season. Carlot shipments, which began in February, are expected to increase considerably by late March and reach a peak in May. Production of winter and early spring strawberries is indicated to be substantially larger this year than last. The indicated mid-spring and intended late spring acreages are about as large as the respective acreages last year, and if average yields are obtained production should be considerably larger this year.

TRUCK CROPS

Commercial Truck Crops for Fresh Market

Prices during early March declined moderately to sharply at all levels of sale for most commercial truck crops for fresh market shipment. They are expected to continue seasonally downward during part or all of the next 3 months except for a few truck crops whose prices are already about as low as they probably will go this year. Among the latter are beets, cabbage, carrots, cauliflower, onions, and spinach.

The weighted average wholesale price of constant quantities of 14 important vegetables on the New York market during the week ended March 3, 1945 was 23 percent lower than for these same vegetables in the corresponding week a month earlier and 16 percent lower than in the corresponding week a year earlier.

Ceiling prices at country shipping points on green peas for March 6-31, inclusive, have been set at \$3.65 per bushel or 13 cents per pound, f.o.b. Calipatria, California, effective March 6. This returns the ceiling from the temporary "disaster" level down nearly to the original level of \$3.50 set this period (MPR 426; Amendment 92).

Commercial Truck Crops
for Processing

Total tonnage of spinach for processing to be produced in 1945 in California and Texas is indicated, as of March 1, to be 3 percent less than last year but about one-third greater than average production in the 10-year period, 1934-43.

According to reports in late February, processors intend to contract or plant nearly 12 percent more acres of green peas in 1945 than were planted in 1944, but actual plantings may not correspond to the intentions.

In response to increased military requirements, the War Food Administration, on February 14, 1945, announced price supports and acreage goals higher than those previously announced for the 4 major truck crops for processing. Prices for green peas, sweet corn, and tomatoes for processing will now be supported at the same levels as in 1944, namely; \$83.50; \$18; and \$25.25, respectively, national averages per ton. Snap beans will be supported at a national average of \$85 per ton, which is about \$6 lower than in 1944. Goals for the individual crops vary by States and by areas within States, but nationally, they are these percentages of 1944 planted acreages; Snap beans, 98 percent; green peas, 108; sweet corn, 105; and tomatoes, 110 percent.

POTATOES AND SWEETPOTATOES

Civilian supplies of good quality late-crop potatoes continue generally inadequate to meet the current demand at ceiling prices. Shipping point ceiling price schedules for the late crop potatoes call for an increase of 10 cents per hundred pounds each month until the high point is reached in May. New crop early potatoes will begin coming to market in considerable volume in May, and present indications are for plentiful supplies in June. Scheduled ceilings on the early crop start at their seasonal high points with the beginning of shipments and decline fairly steadily after April 1 for the balance of the season.

Shipping point price ceilings for July, August and September of this year are to be the same as in 1944, but will not include the "disaster" allowances necessary in 1944, according to the proposed maximum prices announced February 24. (OPA-5346.)

The potato permit program already operating in producing sections of Idaho, Oregon, California, Maine, Colorado, and the Red River Valley of North Dakota and Minnesota was extended March 1 to the northern part of Michigan's lower peninsula (WFO 120.4). This action will assist in the procurement of good quality potatoes for the armed forces, but will further restrict the supply available for civilians. The area to which the permit program formerly applied was reduced in scope by the elimination of Colorado as of March 21. Colorado was removed because military requirements for Colorado potatoes for fresh use had been met, and no large stocks of potatoes remained available for shipment. As a result of a new War Food Administration program announced March 5, civilians along the eastern seaboard may get some supplies of potatoes that might not otherwise be shipped. The Commodity Credit Corporation, through payments to shippers, will absorb the increase in cost of shipping by boat from Maine to ports along the mid-and South Atlantic seaboard. The diversion of some potato shipments from rail to boat will offset partially the shortage of refrigerator cars and the general congestion of rail facilities in the Northeast. Although a substantial part of the potatoes moved out of Maine by boat may be purchased by the military and war services, some relief from the short potato supply for civilians is expected along the Atlantic seaboard (USDA 398-45).

Good quality sweetpotatoes are selling at ceiling prices and are expected to continue to do so as long as supplies remain available from the fast dwindling stocks.

COTTON

Mill consumption of cotton in February totaled 782,000 bales and averaged 39,740 bales per working day, which is equivalent to an annual consumption of 10.2 million bales. This annual consumption is the highest of any month since the fall of 1943 and compares with an actual consumption last season of 9,943,000 bales.

The 10-market price of Middling 15/16-inch cotton averaged 21.73 cents per pound during the month ended March 15, nearly one-fourth cent higher than the average in the corresponding period a month earlier. The average price for the month ended March 15 compares with an average loan rate in the same markets of 21.19 cents per pound, the parity equivalent (based on the February parity price) of 22.49 cents, and a March Government purchase price of 22.26 cents per pound. The farm price of cotton in February was 19.99 cents or 94 percent of the actual United States parity price of 21.33 per pound.

There was little net movement under the 1944 Government loan in the 4 weeks ended March 10. The total quantity of cotton to enter the loan reached 2,051,000 bales or 72,000 bales larger than 4 weeks earlier, but repossessions increased 64,000 bales leaving only 1,913,000 bales in the loan on March 10, only 8,000 bales larger than a month earlier. Repossessions also accounted for a decline of 48,000 bales in the quantity of 1943 loan cotton. Under the 1944 Government purchase program the total acquired up to March 10 was 1,710,000 bales, of which amount 293,000 bales had been acquired since February 10. Under the export-payment program a total of 248,000 bales had been registered for export up to March 10, of which 36,000 bales had been registered during the preceding 4 weeks.

WOOL

With the number of stock sheep on farms on January 1, 1945 down 8.7 percent from a year earlier a further decline in U. S. shorn wool production is in prospect for 1945. Should production decline to the same extent as sheep numbers, the 1945 production of shorn wool would be about 18 percent smaller than the 1942 record production of 392 million pounds, and would be the smallest production since 1928. Total U. S. production of shorn and pulled wool in 1944 was 418 million pounds, of which 347 million pounds were shorn wool and 71 million pounds were pulled wool, from the pelts of slaughtered sheep and lambs. As slaughter in 1945 is now expected to be 10 to 15 percent smaller than in 1944 the 1945 production of pulled wool is also expected to be smaller than last year.

Prices to growers under the 1945 Government wool purchase program will be about the same as in 1944. The average price received by farmers last year was 42.4 cents a pound (weighted average) compared with 41.6 cents in 1943, and was the highest since 1920. Prices in 1944 averaged 43 cents a pound in the North Central farm growing region and in Texas, and 41 cents in the Western range States. Wools grown in the Western States although of finer grades than wools of other regions, carry more grease and dirt and have a lower clean yield. Hence they usually sell at a lower price per pound of greasy wool than wool from other regions.

Output of the wool textile industry for the first half of 1945 is being channelled largely to military requirements or essential civilian uses under orders and directives recently issued by the WPB which cover the various stages of manufacture. Principal factors underlying the new textile program are the urgent delivery requirements and increased rate of Army procurement and the inability of mills to increase production because of the lack of trained workers. It is estimated that the principal army fabrics scheduled for delivery in the first half of the year will require the use of 200 to 270 million pounds of grease wool, depending on the percentage of domestic wool (with its greater shrinkage) used. Substantial quantities of wool fabrics are also scheduled for delivery to the Navy and other Government services and to the UNRRA during the first half of 1945. As the processing capacity of mills for the six month period is not expected to be much above 500 million pounds of grease wool it is evident that production for civilian use will be small.

Supplies of wool fabrics available for civilian clothing are likely to decline rapidly in the first half of 1945 because of the high rate of Army procurement which will require a considerably larger percentage of the total output than in 1944. Total production of woven wool fabrics in 1944 exceeded 500 million linear yards for the third consecutive year. Almost three-fourths of the 1944 production of apparel fabrics was for civilian use, compared with about half of the 1942 and 1943 production. Total production of civilian apparel fabrics in 1944 probably was about equal to that of 1939. With a considerable number of young men (the largest users of wool fabrics,) withdrawn from the civilian market into military service, requirements for civilian mens wear were reduced and a much larger than usual percentage of the 1944 production was devoted to women's and children's wear. Production of these fabrics in 1944 probably was about half again as large as in 1939.

TOBACCO

With the exception of Maryland (type 32) practically all of the 1944 crop of tobacco has been sold by growers. Throughout most of the marketing season, demand for tobacco of all types was strong and prices at or near the high levels of last year. Latest estimates place the crop at somewhat more than 1,850 million pounds, which is nearly $1\frac{1}{3}$ greater than in 1943, and only slightly less than the 1,880-million-pound crop grown in 1939. Production of all classes in 1944 showed increases over the previous year and production of the cigarette types was 35 percent over 1943, and the largest in history.

All flue-cured and burley markets have closed for the season and the average price paid growers was approximately 42 cents per pound for flue-cured compared with 40.2 for the 1943 crop and the all-time high of 44.4 cents per pound in 1919. Flue-cured growers received a gross income of around 494 million dollars, compared with 317 million for the 1943 crop, the previous high. Preliminary estimates place the season average price of burley at about 44 cents per pound compared with the record high of 45.6 for the 1943 crop. The 1944 crop, the largest ever produced, established an all-time high for income paid to growers.

Prices of dark tobacco have averaged slightly below the record high of last year. Fire-cured (types 21-24) averaged approximately 24.3 cents per pound, compared with 23.4 last year. Dark air-cured averaged about 23.5 cents compared with the season average of 27.2 cents for the 1943 crop. Maryland auction markets are scheduled to open April 17 for sale of the 1944 crop, and in view of the strong demand for burley and flue-cured and the high quality of the leaf, prices of Maryland probably will be high again this season.

The strong demand and high prices for tobacco this season and last will offer an incentive to farmers to increase production in 1945. Acreage goals have been set at 1,772 thousand acres, which is an increase of 3.5 percent over the 1,712 thousand acres, harvested in 1944. Production on this acreage if the 1944 average yields by types and States are obtained, would be 1,869 million pounds. This would be 33 percent greater than the 1943 crop, 44 percent greater than the 1934-38 average production, and almost as large as the record crop grown in 1939.

PROSPECTIVE CROP ACREAGES FOR 1945

Reports from farmers indicate that on March 1 they intend to plant almost as large an acreage of the principal crops in 1945 as they planted in 1944. Prospective 1945 acreages of oats, flaxseed, rice, tobacco and sugar beets are larger than the planted acres in 1944. Declines in acreage, mostly small, are indicated for 12 other crops. Substantial reductions in crop acreages are in prospect in a belt of southern states extending from South Carolina to Louisiana and Arkansas. Small increases are planned in a number of States on the Pacific Coast and in north and central areas. Most of the indicated decreases in acreage are in areas where yields are relatively low, while the prospective increases are largely in areas which normally produce better than average yields.

The prospective acreage for corn is 3 percent under 1944 plantings. The largest prospective percentage reductions are in the Southern States. The indicated acreage for 1945 is larger than the 1944 plantings in Iowa, Minnesota, Wisconsin, Michigan and South Dakota. The prospective acreage of sorghums is 11 percent under 1944 and that for barley 14 percent smaller. However, the acreage indicated for oats is 8 percent larger, and that for tame hay is unchanged from 1944. The total area of feed grains and hay in prospect for 1945 is 230.4 million acres. This is 1.5 percent below 1944 but 2.5 percent above the 1934-43 average.

The spring wheat acreage in prospect for 1945 is 2 percent below 1944, but the acreage of winter wheat planted last fall for 1945 harvest is 7 percent above that for the previous year. Consequently, the total acreage of all wheat indicated for 1945 is 4 percent or nearly 3 million acres larger than the 1944 acreage. Prospective rice acreage for 1945 is nearly 2 percent above 1944 and 35 percent above the 1934-43 average.

The acreage intended for flax is 37 percent above that of last year but 34 percent below the record plantings of 1943. The acreage of both soybeans and peanuts intended for 1945 is about 2 percent below 1944, but much larger than the 1934-43 average acreages. The prospective acreage of cowpeas is 10 percent below 1944 and less than one-half the 10-year average.

The acreage indicated for potatoes in 1945 is 2.9 million acres, 4 percent under 1944, while that for sweetpotatoes is 715 thousand acres, a decline of 8 percent.

Prospective plantings of dry field peas for 1945 total only 427,000 acres or 41 percent less than that planted in 1944 and only 14 percent above the 1934-43 average. Plantings of dry field beans indicated for 1945 amount to nearly 2 million acres. This is 12 percent below 1944. The decline in dry bean acreage is general in all States except California.

The prospective acreage of tobacco for 1945 is 4 percent above 1944. The 1.8 million acres which farmers intend to plant is the largest since 1939. Acreage increases in 1945 are indicated for all classes of tobacco. The most important change in prospect is that for burley tobacco, with an indicated increase of 8 percent.

Prospective plantings of sugar beets in 1945 total 768 thousand acres--20 percent more than were planted in 1944 but 13 percent under the 1934-43 average. The largest percentage increases in acreage in prospect are in Michigan--45 percent, Wyoming--29 percent, Ohio--24 percent, Idaho--20 percent, and California--19 percent.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Annual Data

I T E M	UNIT OR BASE	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944
Industrial Production¹																	
Total	1935-39=100	110	91	75	58	59	75	87	103	118	89	109	125	162	199	239	235
All manufacturing	"	110	90	74	57	68	74	87	104	113	87	109	125	168	212	258	252
Durable goods	"	132	98	67	41	54	65	83	108	122	78	109	139	201	279	360	353
Nondurable goods	"	93	84	79	70	79	81	90	100	106	95	109	115	142	168	175	171
Minerals	"	107	93	80	67	76	80	85	95	112	97	105	117	125	129	132	140
Construction activities¹																	
Contracts, total	1935-39=100	204	150	110	49	44	55	65	96	103	111	125	141	212	287	123	78
Contracts, resident	"	213	122	91	32	27	29	52	91	100	110	147	176	218	201	98	39
Wholesale Prices²																	
All commodities	1935-39=100	118	107	91	80	82	93	99	100	107	98	96	98	108	123	128	129
All commodities except farm and food	"	113	105	92	86	88	97	95	98	105	101	100	102	110	118	119	121
Farm products	"	138	116	85	53	68	85	104	105	114	90	86	89	108	139	161	162
Food	"	126	114	94	77	76	89	105	104	108	93	89	90	105	125	135	133
Prices Received and Paid by Farmers³																	
Prices received, all products . .	1910-14=100	149	128	90	58	72	90	109	114	122	97	95	100	124	159	192	195
Prices paid, interest and taxes .	"	167	160	141	124	120	129	130	127	133	126	124	125	132	150	162	170
Parity ratio	"	89	80	64	55	60	70	84	90	92	77	77	80	94	106	119	115
Consumer Expenditures⁴	1935-39=100	121				72		88	98	105	102	107	144	130	142	155	166
Cost of Living²																	
Total	1935-39=100	123	119	100	98	92	95	98	99	103	101	99	100	105	117	124	126
Food	"	132	126	104	85	84	94	100	101	105	98	95	97	105	124	138	136
Nonfood	"	118	116	111	103	97	97	97	98	101	102	102	102	105	113	115	120
Income	1935-39=100																
Nonagricultural payments ⁴ . . .	"	122	110	95	73	70	80	85	101	107	99	105	115	138	171	209	231
Cash farm ⁵	"	142	113	80	60	67	79	89	105	111	95	99	105	140	193	241	255
Income of Industrial Workers³	1935-39=100	134	110	84	58	61	76	85	100	117	91	105	119	159	241	318	325
Factory Payrolls²	"	128	103	78	54	68	74	86	99	118	91	106	122	178	251	352	356
Weekly Earnings of Factory Workers²																	
All manufacturing	dollars											23.26	25.20	29.58	36.65	43.14	45.08
Durable goods	"											26.50	28.44	34.04	42.73	49.30	52.07
Nondurable goods	"											21.78	22.27	24.92	29.13	34.12	37.12
Employment																	
Total civilian ⁵	Mil. persons	46.4	44.2	41.0	37.3	37.5	39.9	41.2	43.2	44.9	42.9	44.2	45.6	49.1	52.1	52.4	51.8
Nonagricultural establishments ² .	"	31.1	29.0	26.1	22.9	23.1	25.4	26.5	28.8	30.6	28.7	30.4	31.8	35.7	38.4	39.7	38.7
Farm ³	"	11.3	11.2	11.2	11.1	11.0	10.9	11.1	11.0	10.9	10.8	10.7	10.6	10.4	10.4	10.3	10.0
Government Finance (Fed.)⁶																	
Receipts, net	Mil. dollars						291	321	364	483	471	410	486	737	1,357	2,880	3,702
Expenditures	"						607	657	770	546	675	740	805	1,588	4,558	7,340	8,097

Sources: ¹Federal Reserve Board; indexes of construction converted to 1935-39 base. ²Dept. of Labor, BLS. ³Dept. of Agriculture, B.A.E. To convert prices received and prices paid interest and taxes to 1935-39 base, multiply by .98110 and .78125 respectively. ⁴Dept. of Commerce. ⁵Dept. of Commerce estimates through 1939. From 1940 through 1944, Dept. of Commerce estimates were adjusted by B.A.E. on basis of recent revisions in Bureau of Census estimates. ⁶Dept. of Treasury. Data are on average monthly basis.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	:Unit or : base : period	1944				1945	
		Year	Feb.	Nov.	Dec.	Jan.	Feb.
Industrial Production <u>1/</u>	:1935-39						
Total	= 100	235	244	232	232	234	235
All manufactures	"	252	262	248	249	251	252
Durable goods	"	353	368	341	343	344	345
Nondurable goods	"	171	177	173	173	175	175
Minerals	"	140	142	143	137	140	142
Construction activity <u>1/</u>	:1935-39						
Contracts, total	= 100	73	78	80	89	84	71
Contracts, residential	"	39	52	32	34	34	29
Wholesale prices <u>2/</u>	:1935-39						
All commodities	= 100	129	128	130	130	130	131
All commodities except farm and food	"	121	121	122	121	122	122
Farm products	"	162	161	164	165	166	167
Food	"	133	132	133	133	132	132
Prices received and paid by farmers <u>3/</u>	:1910-14 : = 100						
Prices received, all prod. ...	"	195	195	196	200	201	199
Prices paid, int. and taxes ...	"	170	169	171	171	172	172
Parity ratio	"	115	115	115	117	117	116
Consumer expenditures <u>4/</u>	:1935-39						
Total	= 100	166	162	---	170	---	---
Cost of living <u>5/</u>	:1935-39						
Total	= 100	126	124	127	127	127	127
Food	"	136	134	136	137	137	136
Nonfood	"	120	118	121	122	122	122
Income	:1935-39						
Nonagricultural payments <u>4/</u> ...	= 100	231	229	235	237	238	---
Cash farm <u>3/</u>	"	265	276	267	264	278	310
Income of Industrial Workers <u>3/</u>	:1935-39	325	335	317	322	---	---
Factory payrolls <u>5/</u>	= 100	356	367	348	353	---	---
Weekly earnings of factory workers <u>5/</u>	:Dollars						
All manufacturing	"	46.08	45.47	46.86	47.45	---	---
Durable goods	"	52.07	51.40	53.07	53.69	---	---
Nondurable goods	"	37.12	36.32	37.87	38.40	---	---
Employment							
Total civilian <u>6/</u>	:Million	51.8	50.3	51.5	50.6	50.1	50.6
Employees in nonagri. est. <u>5/</u>	:Thous.	38,682	38,835	38,340	38,811	37,852	---
Farm <u>3/</u>	"	10,037	8,383	10,690	9,337	8,005	8,051
Government finance (Federal) <u>7/</u>	:Mil.dol.						
Receipts, net	"	3,702	2,503	2,240	5,416	3,556	3,767
Expenditures	"	8,097	7,862	7,828	8,416	8,202	7,460

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U. S. Dept. of Labor, B. L. S. 3/ U. S. Dept. of Agriculture, B. A. E. To convert prices received and prices paid, interest and taxes to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor, B. L. S. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1944 are on average monthly basis.